

Honolulu, Hawaii

MAY 01 2015

RE: S.B. No. 1028
S.D. 2
H.D. 1
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1028, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH CONNECTOR,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this Act is to:

- (1) Require all group health issuers to offer to contract with any federally-qualified health centers in the relevant service area to provide all covered ambulatory services offered by the federally-qualified health centers in accordance with network adequacy standards of the Hawaii Health Connector (Connector);
- (2) Amend the purposes of the Connector to include providing enrollment, implementation, and benefit administration



services for health plans not offered through the Connector;

- (3) Authorize the Connector to generate revenue through the provision of enrollment, implementation, and benefit administration services for health plans not offered through the Connector or other ancillary products and services; and
- (4) Require that the network adequacy standards of the Connector adhere to the requirements for contracts with federally-qualified health centers in conformance with the requirements of federal implementing regulations.

Your Committee on Conference finds that the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) required state-based exchanges to be self-sustaining as of January 1, 2015. However, due to Hawaii's small population of uninsured individuals, Hawaii's state-based exchange, known as the Hawaii Health Connector (Connector), has faced challenges in its goal of financial sustainability. The State's low number of uninsured individuals is primarily due to the success of the Hawaii Prepaid Health Care Act, which has enabled Hawaii residents to secure employer-sponsored health insurance for over forty years and resulted in an uninsured resident rate of less than ten percent. Your Committee on Conference further finds that the Connector has been working with the State and the private sector to ensure that the requirements of the Affordable Care Act work in tandem with the Prepaid Health Care Act to preserve the Prepaid Health Care Act's existing benefits for Hawaii residents.

Your Committee on Conference notes that although the Affordable Care Act funded the development and initial operation of the Connector, the federal government did not provide the start-up capital necessary to support operations until the Connector enrolled a sufficient number of individuals to help pay for the Connector's operating expenses. Your Committee on Conference also notes that the federal Centers for Medicare and Medicaid Services is requiring the submission of a Corrective Action Plan that will address details of the State's plan to ensure compliance with all Affordable Care Act requirements, including financial sustainability of the Connector.

Your Committee on Conference also finds that although this measure proposes to amend the purpose of the Connector and make certain changes associated with network adequacy, this measure is



intended to be a vehicle for a general fund appropriation for the continued operations of the Connector. Amendments to this measure are therefore necessary to insert a general fund appropriation for the operations of the Connector, which will assist in the implementation of the required sustainability plan.

Finally, your Committee on Conference notes that the Legislature is committed to keeping the Connector as a state-based health exchange. Your Committee on Conference additionally finds that it is imperative that the Board of Directors of the Connector continue to work closely with the Legislature, the Administration, and other state agencies on the continued operation of the Connector as a state-based health exchange to ensure compliance with the Affordable Care Act and the continued success of the State's visionary Prepaid Health Care Act.

Your Committee on Conference has amended this measure by:

- (1) Deleting the definition for "qualified health plan";
- (2) Deleting language that would have required all group health issuers to offer to contract with any federally-qualified health centers in the relevant service area to provide all covered ambulatory services offered by the federally-qualified health centers in accordance with network adequacy standards of the Connector;
- (3) Deleting language that would have amended the purpose of the Connector to include providing enrollment, implementation, and benefit administration services for health plans not offered through the Connector;
- (4) Deleting language that would have authorized the Connector to generate revenue through the provision of enrollment, implementation, and benefit administration services for health plans not offered through the Connector or other ancillary products and services;
- (5) Deleting language that would have required that the network adequacy standards of the Connector adhere to the requirements for contracts with federally-qualified health centers in conformance with the requirements of federal implementing regulations;
- (6) Inserting a general fund appropriation of \$2,000,000 for fiscal year 2015-2016 for the operations of the Connector,



to be expended by the Department of Commerce and Consumer Affairs;

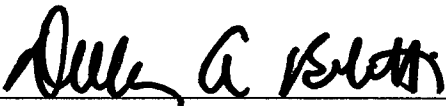
- (7) Updating the purpose section;
- (8) Inserting an effective date of July 1, 2015; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1028, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1028, S.D. 2, H.D. 1, C.D. 1.

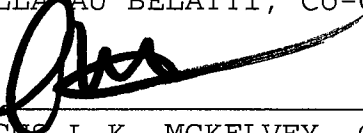
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

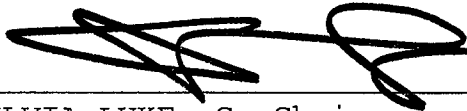
ON THE PART OF THE SENATE



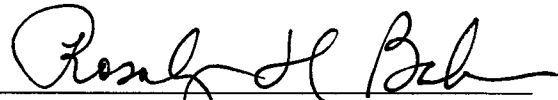
DELLA AU BELATTI, Co-Chair



ANGUS L.K. MCKELVEY, Co-Chair



SYLVIA LUKE, Co-Chair



ROSALYN H. BAKER, Chair



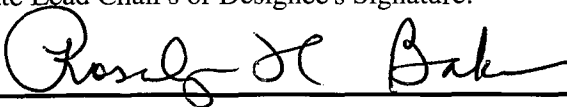
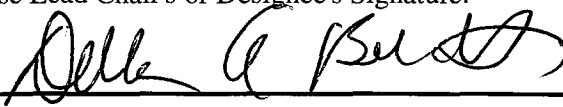
JILL N. TOKUDA, Co-Chair



Hawaii State Legislature

CCR 126

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 1028, SD 2, HD 1					Date/Time: 2:15 PM 5-1-2015				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				BELATTI, Della Au, Co-Chr.	✓			
TOKUDA, Jill N., Co-Chr.	✓				MCKELVEY, Angus L.K., Co-Chr.	✓			
HARIMOTO, Breene				✓	LUKE, Sylvia, Co-Chr.	✓			
TANIGUCHI, Brian T.	✓				CREAGAN, Richard P.	✓			3
WAKAI, Glenn				✓	FUKUMOTO CHANG, Beth	✓			
TOTAL	3	-	-	2	TOTAL	5	-	-	-
A = Aye WR = Aye with Reservations N = Nay E = Excused									
Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature: 					House Lead Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency									